

25 October 2002

Companies Officer
Australian Stock Exchange
2 The Esplanade
PERTH WA 6000

Dear Sir

The Directors of Anglo Australian Resources N.L. have pleasure in submitting the Quarterly Report for the period ended 30 September 2001.

□ **EXPLORATION EXPENDITURE**

Exploration expenditure for the quarter amounted to \$48,994

□ **NEW PROJECTS**

Anglo Australian Resources NL ("AAR") continues to seek a high quality project in the Yilgarn Province of Western Australia with a number of evaluations in progress. In addition AAR acquired three new projects through the pegging of ground in prospective areas. The Pinnacles and Maynards Dam project are gold projects located in the Yilgarn Province while the Cutty Sark Project (a base metal project) is situated within the Mount Read Volcanics of Western Tasmania.

PINNACLES -WA

(Anglo Australian Resources N.L. 100%)
Exploration Licence Application 21/115

The EL application located 20km east of Cue consists of small area of 4 sub-blocks immediately east of the Pinnacle workings.

The project located predominantly under cover is interpreted to contain the fault bounded felsic unit which hosts most of the mineralisation at Tuckabianna. A magnetic anomaly within this felsic unit could reflect magnetite alteration (often associated with gold mineralisation within this rock type c.f. Carosue Dam) or a BIF unit.

MAYNARDS DAM - WA

(Anglo Australian Resources N.L. 100%)
Exploration Licence Application 15/776

The project consisting of 11 sub-blocks is located 35km south east of St Ives and 4km north east of the Paris gold workings. Geologically the project is located 5km east of the Boulder Lefroy Fault Zone and contains a sequence of gabbros and basalts, faulted against a volcano-sedimentary sequence. Late north east trending faults, which control some of the mineralisation in the St Ives area are interpreted to crosscut the stratigraphy. Compilation of previous work is in progress.

CUTTY SARK - TASMANIA
(Anglo Australian Resources N.L. 100%)
Exploration Licence Application 37/2002

The project application (submitted September 2002) is located on the West Coast of Tasmania, straddling the central part of the Mt. Read Volcanic Belt between the Rosebery and Hellyer base metal deposits. The sealed Murchison highway passes through the centre of the tenement. The project is located one hour from the coastal town of Burnie. The area has relatively high rainfall and vegetation varies from temperate rainforest to button grass plains.

Exploration on this project will target volcanic hosted massive sulphide base metal deposits (VHMS) and structurally controlled gold mineralisation.

The central part of the Mt Read volcanic belt hosts three world class base metal deposits of Rosebery, Hellyer and Mt. Lyell as well as smaller but significant base metal deposits of Que River and Hercules and the structurally controlled Henty gold deposit.

VHMS mineralisation is generally stratabound mineralisation and located either within a quiescent period of volcanic activity and or at the change in volcanic activity from acid volcanism to volcanism of more basic composition. Locally around each of the deposits the mineralisation is confined to a particular stratigraphic horizon. Correlation of this horizon across the whole volcanic belt has proved difficult due to facies variation of the complex volcanic stratigraphy, successive deformation events resulting in folding and faulting, paucity of outcrop and extensive vegetation cover.

Recently the Tasmanian government (MRT) flew an airborne EM survey over prospective part of western Tasmania. This data shows that all known base metal deposits are highly conductive (well known at Hellyer and Que River, which were discovered by EM surveys). The data also shows that there is a semi-continuous zone of conductivity (allowing for folding / faulting of stratigraphy) connecting all major base metal deposits and base metal prospects from Hellyer to Mt Lyell. This conductive zone appears to outline a prospective stratigraphic unit / time line, correlating stratigraphy at Rosebery and Hellyer. **This is the first such correlation!**

This application of 61sq km covers a 12km of strike of the semi-continuous zone of conductivity between Hellyer and Rosebery (Refer attached Diagram1). Reconnaissance exploration is anticipated to confirm a zone of strong alteration and or a black shale horizon overlying the prospective zone. The application contains a number of base metal prospects including Cutty Sark, Chester, Boundary Prospect and Pearce Copper Reward. Exploration will focus on follow up of EM anomalies defined by the MRT Survey. Initially this work will include a review of previous work and some ground reconnaissance. Geochemical surveys and ground EM surveys will target any of the untested EM anomalies. An exploration partner will be sought at an early stage of exploration on this project.

The application also covers 3kms of strike of the Henty Fault zone, which hosts the Henty gold deposit. The gold potential of this structure will be assessed by review of previous exploration and surface soil geochemical surveys.

□ **EXPLORATION – GOLD PROJECTS**

AUSTIN - WA

(Anglo Australian Resources N.L. 100%)

Exploration Licence 21/102, 20/452

Exploration Licence Applications 20/510, 21/114

Prospecting Licence P20/1862

A two phase soil and rock chip sampling program consisting of 599 soil samples and 47 rock chip samples was completed in July and August 2002. Soils were assayed by bulk leach extraction techniques while the rock were assayed by fire assay. The program targeted soil anomalies defined by reconnaissance soil sampling of previous explorers; an area in which nuggets were recently found by prospectors; an apparent north westerly trend, based on a structural trend in the magnetic data and anomalous soil assays from the first phase soil program and a north easterly trending zone corresponding to a north east trending signature in the magnetics and north east trending zone of altered porphyry dykes.

Soil assays ranged from below detection (1ppb) to 188ppb Au. Background values are in the range of 1-3ppb Au. The data shows a north west trending anomalous zone is confirmed at a 5ppb contour level over a strike length of 2.5km. However the anomalous zone splits up into two smaller areas of 500x100m and 300x200m at more suitable contour levels of 10ppb with maximum values of 22ppb in both areas

In addition a northeast trending zone is more promising, with two >10ppb zones each delineated over 800m of strike and maximum values of 76ppb and 26ppb, corresponding to and parallel to a zone of porphyries.

A program of RAB drilling to test these anomalies is planned for later this year.

EAST DENISON – TASMANIA

(Anglo Australian Resources N.L. 90%

Silverthorn Resources Pty. Ltd. 10%)

Exploration Licence 38/94

Planning is in progress to follow up previous anomalous intersection and undrilled historical workings.

BULGA DOWNS JOINT VENTURE - WA

(Anglo Australian Resources N.L. 40.7%

Sipa Exploration N.L. 59.3%)

Exploration Licences 29/117 & 29/279

Mining Lease Application 29/258

Joint Venture partner and project manager, Sipa Exploration NL reported no fieldwork undertaken during this quarter.

BARLOWEERIE - WA

(Anglo Australian Resources N.L. 100%)
Exploration Licence Application 51/1015

This application for one exploration licence of 98sq km, located 50km west of Meekatharra and 70km north northeast of Big Bell, covers approximately 33 km of the extension of the Big Bell Shear (Refer attached Diagram). Limited exploration has been conducted in the area. Two previous RAB programs have not tested the main structural corridor that has been identified by interpretation of regional aeromagnetic data. Exploration on the project will commence on granting. Preliminary discussions held with native title claimants.

DALGARANGA - WA

(Anglo Australian Resources N.L. 100%)
Exploration Licence Application 59/1107,
Prospecting Licence Applications P59/1625-30

Applications have been lodged for one exploration licence and six prospecting licences covering 105 sq km of the Dalgaranga Greenstone Belt. This project is located 60 km northwest of Mt Magnet and 60 km southwest of Big Bell

Previous exploration by Hunter Resources and Equigold defined a lag anomaly over 150x100m containing a maximum of 1g/t Au. RAB drilling produced best results of 4m @ 5g/t Au and 2m @ 0.83g/t Au at shallow depth. Rock chips of a quartz vein produced values of up to 3.1g/t Au. The project also contains a scheelite prospect at Duffy Bore.

□ **EXPLORATION – BASE METAL PROJECTS**

WEST MUSGRAVE JOINT VENTURE - WA

(Anglo Australian Resources N.L. 50%
PayLODE Pty Ltd 50%)

Exploration Licences 69/1672, 69/1673, 69/1675, 69/1676, 69/1678, 69/1682, 69/1683, 69/1684 &
69/1686

Exploration Licence Applications 69/1674, 69/1677 & 69/1685

AAR has notified joint venture partner PayLODE Pty Ltd of AAR's withdrawal from the joint venture.

KOONGIE PARK JOINT VENTURE - WA

(Anglo Australian Resources N.L. acquires 100%)
Mining Leases 80/276, 80/277, 80/278, 80/371, 80/372, 80/373,

The Koongie Park Project, an advanced base metals project, is located 25km southwest of Halls Creek in the Kimberley region of Western Australia. The project area covers several base metal prospects that occur along a 15km contact of a volcano-sedimentary sequence. The area has been explored since 1972, with the discovery of several zinc-copper-lead-silver deposits, the main prospects being Sandiego and Onedin. Other known identified prospects include Atlantis, Gosford and Rockhole.

Each of the 6 mining leases were plained by an individual earlier this year and notices of defence have been served on the plaintiff. AAR will continue the defence of these applications and believes that there are adequate and competent grounds to defeat them given the history and extent of exploration on the subject area. \$5.2m of exploration expenditure has been invested in the project by AAR and its joint venture partners to date.

AAR is seeking a joint venture partner for the project.

Signed on behalf of the Board of Anglo Australian Resources N.L.

John L. C. Jones
CHAIRMAN

Information in this Report relating to geological data has been compiled by the Anglo Australian Resources NL Exploration Manager, Peter Komysan, who:

- is a full-time employee of Anglo Australian Resources NL;
- is a Member of the Australasian Institute of Mining and Metallurgy and has had more than five years' experience in the field of activity reported herein;
- has consented in writing to the inclusion of this data.

